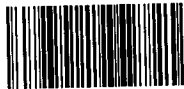


UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549



20012960

**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

OMB APPROVAL	
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8-68491

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/19 AND ENDING 12/31/19  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: **FWS Retirement Services, LLC**

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
**425 California Street, Suite 2400**

(No. and Street)

**San Francisco**  
(City)

**California**  
(State)

**94104**  
(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

**Craig Hasday**

**(415) 399-6335**

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

**Ernst Wintter & Associates LLP**

(Name - *f individual, state last, first, middle name*)

**675 Ygnacio Valley Road, Suite A200**  
(Address)

**Walnut Creek**  
(City)

**California**  
(State)

**94596**  
(Zip Code)

**CHECK ONE:**

- ☒ Certified Public Accountant  
☐ Public Accountant  
☐ Accountant not resident in United States or any of its possessions.

**FOR OFFICIAL USE ONLY**

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (11-05)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

## OATH OR AFFIRMATION

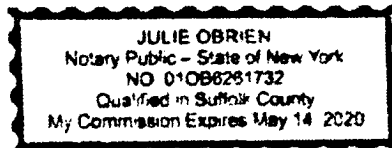
I, **Craig Hasday**, affirm that, to the best of my knowledge and belief the accompanying financial statements and supporting schedules pertaining to the firm of **FWS Retirement Services, LLC**, as of December 31, 2019, are true and correct. I further affirm that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

NONE



Signature

Title



Notary Public

This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).**

# **FWS Retirement Services, LLC**

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**Report of Independent Registered Public Accounting Firm**

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To the Members of  
FWS Retirement Services, LLC

**Opinion on the Financial Statements**

We have audited the accompanying statement of financial condition of FWS Retirement Services, LLC (the "Company") as of December 31, 2019, the related statements of income, changes in members' equity and cash flows for the year then ended, and the related notes and schedules I and II (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

**Supplemental Information**

Schedules I and II have been subjected to audit procedures performed in conjunction with the audit of the Company's financial statements. The supplemental information is the responsibility of the Company's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with 17 C.F.R. §240.17a-5. In our opinion, schedules I and II are fairly stated, in all material respects, in relation to the financial statements as a whole.

*Ernst Winter & Associates LLP*

We have served as the Company's auditor since 2011.  
Walnut Creek, California

March 12, 2020

# **FWS Retirement Services, LLC**

## **Statement of Financial Condition**

**December 31, 2019**

---

### **Assets**

Cash	\$ 424,342
Referral fees receivable	461,684
<b>Total Assets</b>	<b>\$ 886,026</b>

---

### **Liabilities and Members' Equity**

#### **Liabilities**

Accounts payable	\$ 15,750
<b>Total Liabilities</b>	<b>15,750</b>

#### **Members' Equity**

Class A, 2 units	612,093
Class B, 4 units	258,183
<b>Total Members' Equity</b>	<b>870,276</b>

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<b>Total Liabilities and Members' Equity</b>	<b>\$ 886,026</b>
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The accompanying notes are an integral part of these financial statements.

# **FWS Retirement Services, LLC**

## **Statement of Income**

**For the Year Ended December 31, 2019**

<b>Revenue</b>	
Referral fee income	\$ 4,431,998
<b>Total Revenue</b>	<b>4,431,998</b>
<b>Operating Expenses</b>	
Professional fees	30,130
Regulatory fees	7,482
Other operating expenses	8,877
<b>Total Expenses</b>	<b>46,489</b>
<b>Net Income</b>	<b>\$ 4,385,509</b>

The accompanying notes are an integral part of these financial statements.

# **FWS Retirement Services, LLC**

## **Statement of Changes in Members' Equity**

**For the Year Ended December 31, 2019**

	<b>Class A Members</b>	<b>Class B Members</b>	<b>Total</b>
January 1, 2019	\$ 371,089	\$ 291,887	\$ 662,976
Contributions	12,278	24,556	36,834
Distributions	(2,684,827)	(1,530,216)	(4,215,043)
Net income	2,913,553	1,471,956	4,385,509
<b>December 31, 2019</b>	<b>\$ 612,093</b>	<b>\$ 258,183</b>	<b>\$ 870,276</b>

The accompanying notes are an integral part of these financial statements.

# **FWS Retirement Services, LLC**

## **Statement of Cash Flows**

**For the Year Ended December 31, 2019**

---

**Cash Flows from Operating Activities**

Net income \$ 4,385,509

Adjustments to reconcile net income

to net cash provided by operating activities:

(Increase) decrease in:

Referral fees receivable (34,073)

Prepaid expenses 831

Increase (decrease) in:

Accounts payable (2,000)

---

**Net Cash Provided by Operating Activities** 4,350,267

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**Cash Flows from Financing Activities**

Member contributions 36,834

Member distributions (4,215,043)

---

**Net Cash Used by Financing Activities** (4,178,209)

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**Net Increase in Cash** 172,058

**Cash at beginning of year** 252,284

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**Cash at End of Year** \$ 424,342

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The accompanying notes are an integral part of these financial statements.



# **FWS Retirement Services, LLC**

## **Notes to the Financial Statements**

**December 31, 2019**

### **1. Organization**

FWS Retirement Services, LLC (the "Company") was organized as a Delaware limited liability company on April 27, 2009. The Company was formed as an accommodating broker dealer to receive referral fees on the sales of retirement plan products and investment advisory services. The Company is a securities broker dealer registered with the Securities and Exchange Commission ("SEC") and the Financial Industry Regulatory Authority ("FINRA") in November 2010.

### **2. Significant Accounting Policies**

#### **Use of Estimates**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and may have an impact on future periods.

#### **Fair Value of Financial Instruments**

Unless otherwise indicated, the fair values of all reported assets and liabilities that represent financial instruments approximate the carrying values of such amounts. The Company has no financial instruments that are required to be recorded at fair value on a recurring basis.

#### **Cash and Cash Equivalents**

The Company considers all demand deposits held in banks and certain highly liquid investments with original maturities of three months or less, other than those held for sale in the ordinary course of business, to be cash equivalents. At December 31, 2019, the Company held a single cash account, and there were no cash equivalents.

#### **Referral Fees Receivable**

Management reviews accounts receivable and sets up an allowance for doubtful accounts when collection of a receivable becomes unlikely. The Company considers accounts receivable to be fully collectible, and accordingly, no allowance for doubtful accounts has been provided.

#### **Income Taxes**

The Company, a limited liability company, is taxed as a partnership under the Internal Revenue Code and a similar state statute. In lieu of income taxes, the Company passes 100% of its taxable income and expenses to its members. Therefore, no provision or liability for federal or state income taxes is included in these financial statements. The Company is no longer subject to examinations by major tax jurisdictions for years before 2015.

On January 2, 2018, with an effective date of December 31, 2017, the Internal Revenue Service ("IRS") issued final regulations affecting partnerships (and entities taxed as partnerships) that are intended to streamline the tax examination process and allow the IRS to collect any underpayments of tax from the partnership rather than the individual partners. Under the new process, the IRS will examine partnership items in a prior year under examination and any tax adjustments will be taken into account at the partnership level in the current year when the examination is complete. The partnership will pay the tax, interest, and penalties on underpayments using the highest statutory corporate or individual rate, which can be reduced under certain circumstances. The final regulations provide that partnerships can elect out of the new tax examination process if eligible. Management does not believe these changes have an effect on the Company's financial statements as of and for the year ended December 31, 2019.

# **FWS Retirement Services, LLC**

## **Notes to the Financial Statements**

**December 31, 2019**

### **3. Revenue from Contracts with Customers**

Revenue from contracts with customers is recognized when, or as, the Company satisfies performance obligations by transferring the promised goods or services to the customers. A good or service is transferred to a customer when, or as, the customer obtains control of that good or service. A performance obligation may be satisfied over time or at a point in time. Revenue from a performance obligation satisfied over time is recognized by measuring progress in satisfying the performance obligation in a manner that depicts the transfer of the goods or services to the customer. Revenue from a performance obligation satisfied at a point in time is recognized at the point in time when it is determined the customer obtains control over the promised good or service. The amount of revenue recognized reflects the consideration the Company expects to be entitled to in exchange for those promised goods or services (i.e., the “transaction price”). In determining the transaction price, the Company considers multiple factors, including the effects of variable consideration. Variable consideration is included in the transaction price only to the extent it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur and when the uncertainties with respect to the amount are resolved. In determining when to include variable consideration in the transaction price, the Company considers the range of possible outcomes, the predictive value of past experiences, the time period of when uncertainties expect to be resolved and the amount of consideration that is susceptible to factors outside of the Company’s influence, such as market volatility or the judgment and actions of third parties.

The following provides detailed information on the recognition of revenues from contracts with customers:

#### **Referral Fees**

Referral fees are calculated as a percentage of both member commissions from the placement of retirement plan products and member advisory fees from investment advisory services performed. The performance obligation is deemed fulfilled as of the underlying trade date and when advisory services are completed monthly and quarterly.

#### **Contract Balances**

Income is recognized upon completion of the related performance obligation and when an unconditional right to payment exists. The timing of revenue recognition may differ from the timing of customer payments. Typically, the Company receives payment from the customer in the month following the trade date. Therefore, a receivable is recognized since the performance obligation is met prior to receiving payment from the customer. Receivables related to revenue from contracts with customers totaled \$427,611 and \$461,684 as of January 1, 2019 and December 31, 2019, respectively. There was no deferred revenue at January 1, 2019 and December 31, 2019. The Company does not incur any expenses to obtain or fulfill contracts with customers.

### **4. Net Capital Requirements**

The Company is subject to the SEC’s uniform net capital rule (Rule 15c3-1) which requires the Company to maintain a minimum net capital equal to or greater than \$5,000 and a ratio of aggregate indebtedness to net capital not exceeding 15 to 1, both as defined. At December 31, 2019, the Company’s net capital was \$408,592, which exceeded the requirement by \$403,592.

### **5. Related Party Transactions**

The Company has an Expense Sharing Agreement with Frenkel Benefits, LLC (“FB”), the Company’s managing member and holder of class A units. FB pays most overhead expenses for the Company. The Company has no obligation to reimburse or compensate FB. The Company’s results of operations and financial position could differ significantly from those that would have been obtained if the entities were autonomous.

# **FWS Retirement Services, LLC**

## **Notes to the Financial Statements**

**December 31, 2019**

### **6. Member Interests**

In accordance with the Company's Operating Agreement (the "Agreement"), no member of the Company shall be personally liable for any debts, losses, or obligations of the Company. The Company, without limit, can issue Class A member units and Class B member units, but shall have no right to create a class of units superior to the Class A units without written consent of a majority of the Class A members.

In accordance with the Agreement, the Class A members are allocated 100% of the gross revenue they generate plus 1% of the Class B members gross revenue. The Class B members are allocated 99% of the gross revenue they generate. Expenses are allocated based upon ownership percentage. The net pass through of income and expenses, as defined, shall be allocated annually to each member. During 2019, distributions of \$2,684,827 to the class A members and \$1,530,216 to the class B members were made in accordance with the Agreement.

### **7. Risk Concentration**

The Company's cash consists of cash held at one financial institution where the balances of accounts may exceed government insurance limits during the year. At December 31, 2019, the Company's cash balance exceeded these limits by \$174,342.

### **8. Subsequent Events**

The Company has evaluated subsequent events through March 12, 2020 the date which the financial statements were issued.

**SUPPLEMENTAL SCHEDULES**  
**Pursuant to Rule 17a-5 of the Securities Exchange Act**

# **FWS Retirement Services, LLC**

## **Schedule I**

### **Computation of Net Capital Under Rule 15c3-1 of the Securities and Exchange Commission**

**As of December 31, 2019**

<b>Net Capital</b>	
Total members' equity	\$ 870,276
Less: Non-allowable assets	
Referral fees receivable	461,684
Total non-allowable assets	461,684
<b>Net Capital</b>	<b>408,592</b>
Net minimum capital requirement of 6 2/3% of aggregate indebtedness of \$15,750 or \$5,000, whichever is greater	5,000
<b>Excess Net Capital</b>	<b>\$ 403,592</b>

### **Reconciliation with Company's Net Capital Computation (Included in Part II of Form X-17A-5 as of December 31, 2019)**

There were no material differences noted in the Company's amended net capital computation at December 31, 2019.

See report of independent registered public accounting firm.

# **FWS Retirement Services, LLC**

## **Schedule II**

### **Computation for Determination of the Reserve Requirements and Information Relating to Possession or Control Requirements for Brokers and Dealers Pursuant to Rule 15c3-3**

**For the Year Ended December 31, 2019**

The Company is exempt from the provision of Rule 15c3-3 as supported by footnote 74 to SEC Release 34-70073, and as discussed in Q & A 8 of the related FAQ issued by SEC staff. The Company does not effect transactions for anyone defined as a customer under Rule 15c3-3. Accordingly, there are no items to report under the requirements of this Rule.

See report of independent registered public accounting firm.

675 Ygnacio Valley Road, Suite A200  
Walnut Creek, CA 94596

(925) 933-2626  
Fax (925) 944-6333

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**Review Report of Independent Registered Public Accounting Firm**

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To the Members of  
FWS Retirement Services, LLC

We have reviewed management's statements, included in the accompanying 15c3-3 Exemption Report, in which (1) FWS Retirement Services, LLC (the "Company") described that it does not fit one of the exemption provisions, but claimed an exemption from 17 C.F.R. §240.15c3-3 based on reliance on footnote 74 to SEC Release 34-70073, and as discussed in the Q & A 8 of the related FAQ issued by the SEC staff (the "exemption") and (2) the Company stated that it met the identified exemption throughout the most recent fiscal year without exception. The Company's management is responsible for compliance with the exemption and its statements.

Our review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included inquiries and other required procedures to obtain evidence about the Company's compliance with the exemption. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to management's statements referred to above for them to be fairly stated, in all material respects, based on its exemption to Rule 15c3-3 under the Securities Exchange Act of 1934 as defined above.

*Ernst Winter & Associates LLP*

Walnut Creek, California

March 12, 2020

**FWS Retirement Services, LLC**  
**425 California Street**  
**Suite 2400**  
**San Francisco, CA 94104**

Date: February 18, 2020


RE: SEA Rule 15c3-3 Exemption Report

I, Craig Hasday, Principal Officer of FWS Retirement Services, LLC (the "Company") represent the following:

1. The Company claims an exemption from 17 C.F.R. §240.15c3-3, in reliance on footnote 74 to SEC Release 34-70073, and as discussed in Q & A 8 of the related FAQ issued by SEC staff. The Company does not fit one of the exemptive provisions, but it only receives referral fees based on mutual fund and variable annuity transactions effected at another broker-dealer and does not hold customer funds or securities.
2. The Company met the identified exemption provision in 17 C.F.R. §240.15c3-3 throughout the most recent fiscal year as of December 31, 2019 without exception; and
3. There were no exceptions during the most recent fiscal year in meeting the identified exemption provisions in 17 C.F.R. §240.15c3-3.

I affirm that, to my best knowledge and belief, this Exemption Report is true and correct.

Respectfully submitted,



Craig Hasday  
Principal Officer